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April 17, 2000

**BY HAND**

Ms. Magalie Roman Salas  
Secretary  
Federal Communications Commission  
445 Twelfth Street, S.W.  
Room TW-A325  
Washington, DC 20554

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APR 17 2000

FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY

Re: In the Matter of the Petition of AT&T Corp. and Alascom, Inc. For  
Elimination of Conditions Imposed by the FCC on the AT&T-Alascom  
Relationship, CC Docket No. 00-46

Dear Ms. Salas:

Transmitted herewith on behalf of the State of Alaska are an original and seven (7) copies of the "Comments of the State of Alaska" for filing in the above-referenced docket.

In the event there are any questions concerning this matter, please communicate with the undersigned.

Very truly yours,

  
Robert M. Halperin

Enclosures

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List ABCDE

Before the  
Federal Communications Commission  
Washington, D.C. 20554

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FEDERAL COMMUNICATIONS COMMISSION  
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In the Matter of the Petition of )  
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AT&T CORP. and ALASCOM, INC. )  
 )  
For Elimination of Conditions )  
Imposed by the FCC on the AT&T- )  
Alascom Relationship )  
\_\_\_\_\_ )

CC Docket No. 00-46

**COMMENTS OF THE STATE OF ALASKA**

The State of Alaska ("the State" or "Alaska") believes that action by this Commission on the petition submitted by AT&T Corporation and Alascom Inc. for relief from conditions imposed on them in connection with the Alaska Federal-State Joint Board proceeding and AT&T's acquisition of Alascom ("Petition") is premature. As the State noted in the Comments of the State of Alaska in Support of Request for Extension, filed April 13, 2000, the issues posed by the Petition are complex and are intertwined with issues currently pending before the Regulatory Commission of Alaska ("RCA") in its Docket No. R-98-1.

Because of the pending nature of the RCA proceeding, the State of Alaska also does not believe that it is in a position to comment substantively on the petition at this time. The State does wish, however, to point out the context in which this Petition arises.

The Petition seeks relief from obligations imposed on AT&T and Alascom in connection with the Alaska Federal-State Joint Board proceeding, an extraordinarily complex case that was resolved through close cooperation of state and federal stakeholders, and the subsequent acquisition of Alascom by AT&T. The Alaska Joint Board proceeding was guided by measuring proposed market structure changes against five objectives: (1) preservation of universal service; (2) continuation of rate integration; (3) market-based competitive entry; (4) increased efficiency; and (5) jurisdictional revenue requirement neutrality.<sup>1</sup> The Commission's approval of AT&T's acquisition of Alascom was based on an analysis of the same objectives.<sup>2</sup> The State believes that this Petition, too, should be judged in the context of these objectives.

Given those objectives, the State believes that the Petition raises several important questions that need to be answered, including the following:

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<sup>1</sup> In the Matter of Integration of Rates and Services for the Provision of Communications by Authorized Common Carriers between the Contiguous States and Alaska, Hawaii Puerto Rico and the Virgin Islands, Memorandum Opinion and Order, 9 FCC Rcd. 3023 (1994). *See also, e.g., Integration of Rates and Services for the Provision of Communications by Authorized Common Carriers Between the Contiguous States and Alaska, Hawaii, Puerto Rico, and the Virgin Islands, Final Recommended Decision*, CC Docket No. 83-1376, 9 FCC Rcd. 2197 (Jt. Bd.1993); Integration of Rates and Services for the Provision of Communications by Authorized Common Carriers Between the Contiguous States and Alaska, Hawaii, Puerto Rico, and the Virgin Islands, Supplemental Order Inviting Comments, CC Docket No. 83-1376, 4 FCC Rcd. 395 (Jt. Bd. 1989).

<sup>2</sup> Application of Alascom, Inc. AT&T Corporation and Pacific Tlecom Inc. for Transfer of Control of Alascom Inc. from Pacific Telecom, Inc. to AT&T Corporation, 11 FCC Rcd. 732 (1995).

- Alascom currently is required to provide intrastate interexchange service as a “carrier of last resort.” Is the requested relief in the Petition consistent with full compliance with Alascom’s carrier of last resort obligations? If the requested relief were granted does AT&T believe that it could cease to provide interstate interexchange service to any community Alascom currently serves without FCC approval? Would such an action be subject to procedures governing dominant carriers or procedures governing non-dominant carriers?
- Would the requested relief – in particular, elimination of the separate subsidiary requirement for Alascom – lead to jurisdictional cost shifts and upward pressures on intrastate interexchange rates?
- How could the RCA effectively regulate AT&T/Alascom’s intrastate interexchange rates (should it decide to do so) if Alascom’s books and records are consolidated with those of AT&T?
- The Petition states that the separate subsidiary requirement has restricted the provision of certain services in Alaska. If the separate subsidiary requirement is eliminated, what specific services will be offered in Alaska that currently are not being offered because of the separate subsidiary requirement?
- The Petition states that AT&T would replace the current common carrier service with another service, but no details are provided concerning the nature or price of the replacement service. What specific services are

envisioned and how is the Commission to be assured that the prices proposed would be just, reasonable, and non-discriminatory?

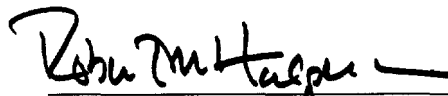
- The Petition asks that AT&T be given the right to terminate its common carrier service offering in two years. Given the uncertainties in the market and the uncertain impact of any action the FCC would take in response to the Petition, why should the FCC decide now what AT&T can do two years from now?
- The Petition implicitly seeks full relief from dominant carrier regulation with respect to the common carrier services. What specific alternatives do the customers of that service have that constrains the ability of AT&T/Alascom to exercise market power? In particular, what alternatives exist in the many communities in the Alaska Bush that currently are not served by GCI or any other facilities-based interexchange carrier?
- AT&T proposes to cap the rates for common carrier services for two years. In the absence of robust facilities-based competition, how are carriers purchasing common carrier services (and derivatively their retail customers) assured of receiving just and reasonable rates if AT&T is not obligated to pass onto its customers the efficiencies AT&T at least implicitly claims would be generated by elimination of the separate subsidiary requirement?

The State believes that these questions must be answered before the Commission can determine whether grant of the relief requested would be in the public interest. The Petition does not answer all of these questions. The RCA is

likely to address these issues or obtain information relevant to these issues which will permit it and others to comment more meaningfully on the Petition at the conclusion of its pending proceeding. In the interim, the State invites the petitioning parties to provide more information on these issues so that the State and other interested parties will be in a better position to comment on whether grant of the requested relief would be in the public interest.

Respectfully submitted,

THE STATE OF ALASKA



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April 17, 2000

## CERTIFICATE OF SERVICE

I hereby certify that on this 17<sup>th</sup> day of April, 2000, a copy of the foregoing Comments of The State of Alaska was served by hand and/or facsimile delivery on the following:

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